OFFICE OF THE
Auditor General
of British Columbia

BACKGROUNDER **APRIL 5, 2005**

Building Momentum for Results-based Management
A study about Managing for Results in British Columbia

What is results-based management?

Managing for results, or results-based management, is about ensuring that organizational effort is focused where it matters: on the results an organization wants to achieve. Over the last decade or more, governments in many jurisdictions have adopted, or are striving to adopt, this approach. They are shifting their focus away from inputs, processes and activities to give greater emphasis to the outputs and the outcomes that will benefit citizens.

What are the essential ingredients of results-based management?

This approach relies on formal processes of planning, monitoring and reporting. It asks organizations to plan and identify resources to achieve results, and to use performance information to monitor, evaluate and adjust strategies to meet targets. And when it comes to public reporting, managing for results allows governments to show the public what has been achieved and at what cost. This is a departure from public sector organizations that focus on using rules, regulations and prescriptions to direct resources and actions in a particular way.

Results-based management depends on leaders who incorporate the formal processes of this approach into their day-to-day management. Leaders can publicly plan and report without necessarily tying these activities to the internal operations of their organization. In such cases, the benefits of this approach are diminished, the reports may not be meaningful to the organization and what the public and legislators see – in those reports – may be form over substance.

Managing for results also requires organizations to commit resources to building the systems, practices and culture of performance management. It demands that public servants focus on managing risks to achieve a result rather than being risk averse. And it asks rule-makers to balance compliance with flexibility, all the time ensuring that business is conducted in a responsible manner. In essence, it requires a change in government's systems and processes and a change in culture.

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Building Momentum for Results-Based Management

A Study about Managing for Results in British Columbia

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The Honourable Claude Richmond
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of British Columbia my 2004/05 Report 13: Building Momentum for Results-Based Management.

Wayne Strelioff

Wayne Strelioff, FCA
Auditor General

Victoria, British Columbia
March 2005

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly

106-00517/

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Auditor General's Comments

Wayne Strelioff, FCA
Auditor General

I undertook to study the efforts of the government and its ministries to manage for results because I believe this approach is simply good management practice. Managing for results requires that organizations plan, monitor, measure and report on their performance on a regular basis. These processes, if followed, will improve the quality of information reported by ministries and support more meaningful discussions about the choices governments make and the decisions they take. And when such information is made available to the public, the public itself becomes better informed and better able to judge how its government has performed.

I believe that legislators, for these same reasons, will be interested in the government's efforts to manage for results.

The transition to results-based management in British Columbia has been underway for some time. In the mid-1990s my Office, in collaboration with the Deputy Ministers' Council, supported the development of an accountability framework for reporting to the Legislative Assembly on the performance of government and its organizations. Included in this accountability framework was the regular public reporting to the Legislative Assembly by government organizations of planned and actual results. In 1996, the Select Standing Committee on Public Accounts generally endorsed this initiative and made a number of recommendations to support the role of legislators in reviewing this information. Included in these recommendations were provisions for select standing committees—organized by the sectors of government—to thoroughly review government's performance plans and reports. The 1996 Public Accounts Committee believed that the public reporting of results would provide legislators with a better picture of government's performance and, as a consequence, would enhance government's accountability to the Legislative Assembly.

Managing for results, also known as results-based management and performance management, describes a shift in emphasis from inputs, processes and activities to the achievement of outputs and outcomes that will benefit people. Accountability under a managing-for-results approach also shifts from a focus on process and input controls to the results programs achieve.

If accountability for results—the public reporting of performance—is the goal, results-based management is the approach by which it will happen. In other words, a strong performance management system focused on results will support improvements in government's performance and in the quality of its reports. In 1996 the Public Accounts Committee agreed and, in addition to supporting the public reporting of results, generally

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endorsed the implementation of a performance management system for government's organizations.

Since that time, steps have been taken to make performance management and accountability for results part of how government carries out its responsibilities. In 2000, for example, the Budget Transparency and Accountability Act was passed. This legislation requires ministries, government organizations and government as a whole to publicly report on what they intend to achieve and, subsequently, on what they actually achieved with the public's money.

Legislation, however, is not a guarantee that organizations will adopt a managing-for-results approach. Experience to date in British Columbia and elsewhere suggests that making results-based management a reality depends on having leaders who incorporate performance management into their day-to-day management. Organizations can plan and publicly report on results without necessarily tying the information into their daily decision-making. In such cases, the value of adopting the processes of performance management is diminished and what legislators and the public see (in reports) and what they get may be form over substance—a long way from managing for results.

Members of the Legislative Assembly also have a role to play in supporting a managing-for-results approach. By regularly reviewing the public plans and reports of government, legislators provide an incentive for organizations to advance in their efforts to manage and report with a focus on results. This review can influence improvements in the quality of the performance information reported and can encourage organizations to strive to achieve better results. Legislators are a key component of managing for results in the public sector, but other components are equally important.

Essential, I believe, to implementing a managing-for-results approach across British Columbia's ministries is strong leadership at all levels, the existence of a supportive performance management framework, ministries with the capacity to operate in this environment and a culture focused on performance and achievement.

This study describes how far the government has come in implementing a managing-for-results approach and identifies actions that would further support the implementation of this management approach in British Columbia's ministries.

The Government Has a Framework in Place But There Are Challenges Associated with its Implementation

In Part 1 of this report, I describe the government's efforts to implement a supportive performance management framework. I acknowledge that the key parts of a government-wide framework have been initiated but identify challenges associated with its implementation.

There is legislation in place that provides a strong incentive for ministries to create a regular cycle of planning and reporting. In addition, the government has altered the way in which human resource management is delivered across the ministries and how financial and budgeting decisions are made. Consistent with a managing-for-results approach, these initiatives are intended both to provide ministries with greater flexibility in managing their resources and confer on them more responsibility for the performance of their programs. In addition, the government has introduced enterprise-wide risk management to aid ministries in adopting a systematic approach to managing the risks they face in achieving results.

However, these steps are just the beginning: the implementation of such a framework will take sustained leadership and commitment. I am concerned the issues arising from the implementation of this framework may slow progress towards the adoption of a managing-for-results approach in British Columbia's ministries. The changes to human resource and financial management, for instance, have placed greater workload pressures on public sector managers, which is challenging them to operate responsibly and effectively in this new environment. And while there is demonstrated commitment from ministry leaders to implement a results-based approach, senior managers across the ministries reported a need for better integration and coordination amongst the various initiatives. They were also not able to clearly identify an office or agency that oversees and champions the implementation of this management approach across government.

I encourage those responsible for the implementation of this framework to consider these issues and I offer advice in the report to support these changes.

There are Valuable Lessons to be Learned from those Who Have Had Success

In Part 2 of the report, my focus is on providing practical advice to those in the public service who are working to bring results-based management to their ministries and programs. I identify the challenges that many of them face, describe the lessons they have learned and present practical steps that leaders, at various levels in an organization, can take to implement a managing-for-results approach. And there are many valuable lessons to be learned—from implementing an information management system to using program evaluation to change culture.

This part of the report is based largely on my Office's study of the performance management experiences of three ministries: the Ministry of Agriculture, Food and Fisheries; the Ministry of Community, Aboriginal and Women's Services; and the Ministry of Forests. They agreed to take part in this study with the understanding that our aim would be to help them and others instil a managing-for-results culture in their organizations.

I want to thank the program staff in each of the three ministries who offered their programs as a case study for our review. They were enthusiastic in their interest and support, openly sharing their experiences and challenges with us. A substantial part of this report—the lessons learned and advice to others seeking to implement a managing-for-results approach—is, in large measure, their report.

Looking Ahead

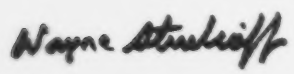
My focus in this report is on encouraging government to continue to support results-based management across its ministries. I strongly believe this approach is good management practice that will lead to improvements in government's performance and provide better information for legislators and the public alike to hold government to account for its results.

The government has taken steps to support this approach. I applaud these efforts but I do have concerns. I believe a good first step in addressing these concerns is visible executive sponsorship. This will send a strong message that managing for results is here to stay and efforts to implement this approach should continue.

I further suggest that the government work to monitor the implementation of this approach to ensure that areas of concern are addressed and that the pace of change is appropriate.

And, I urge government to take advantage of the practical experience and knowledge that already exists in government by sponsoring cross-ministry groups to exchange lessons learned.

I don't pretend to have a solution to every challenge. But I do believe there are valuable lessons in this report that will help ministries move along the road to results. There is also good news in knowing that success builds momentum. As performance management systems evolve, the information they provide can be used to shape decisions, improve performance, focus staff on results, and support improvements in the information the public receives about government's performance.



Wayne Strelioff, FCA
Auditor General

Victoria, British Columbia
March 2005

Auditor General's Comments

Overview of our Study

The purpose of this project was to explore the managing-for-results efforts of the British Columbia government, with a view to encouraging results-based management in its ministries.

Given the evolving nature of results-based management and the early stage of implementation in this province, we chose to take a collaborative role, to distil the challenges facing ministries and to offer advice and lessons learned based on practical experience.

We conducted this work as a study rather than a risk audit.

The study focused on two aspects of implementing a managing-for-results approach in the public sector.

- First, we explored how the government, through its central agencies, has created a framework that supports results-based management.

  To this end, we developed our understanding of the various components of this framework. We also sent a survey to all Assistant Deputy Ministers (ADMs) and all members of the ADMs of Corporate Services Committee asking for their perspective on five areas of interest related to the implementation of the framework.

- Second, we explored some of the critical success factors, challenges and lessons learned from ministries with the aim of using this insight to encourage and support ministries in managing for results.

  To do this we approached a number of ministries and asked them to nominate programs within their ministries that could offer advice in adopting this management approach. Through this process we identified three ministries and four programs willing to participate in the study. We then explored the managing for results efforts at the program and ministry level, exposing key challenges, lessons learned and critical success factors confronting a diverse range of programs.

Our study focused on results-based management as it applied to the ministries. While we considered many aspects of a managing-for-results approach in the ministry environment, one area we excluded from our review was horizontal management, or cross-cutting initiatives. We excluded this issue because we felt we could not give it sufficient attention in a study such as this. Nevertheless, we acknowledge that it is an important issue in a results-oriented world.

Throughout this report, we directly quote (but do not identify) many of those we interviewed or surveyed. The quotes are presented in italics. We believe these quotes are useful in that they capture, in a succinct way, the essence of many managing-for-results issues.

The information used to prepare this report was gathered between December 2003 and June 2004.

More detailed information on our study approach is available in Appendix A.

Part 1:
Managing for Results in British Columbia's Public Sector

What is Managing For Results?

"In the last analysis management is practice. Its essence is not knowing but doing. Its test is not logic but results. Its only authority is performance."

Peter Drucker, 1973

Managing for results, or results-based management, is about ensuring that organizational effort is focused where it matters: on the results an organization wants to achieve. Over the last decade or more, governments in many jurisdictions have adopted, or are striving to adopt, this approach. They are shifting their focus away from inputs, processes and activities to give greater emphasis to the outputs and the outcomes that will benefit citizens.

Although often described as a new approach to public sector management, managing-for-results in fact builds on traditional processes of management. It relies on formal processes of planning, monitoring and reporting. It asks organizations to plan and identify resources to achieve results, and to use performance information to monitor, evaluate and adjust strategies to meet targets. And when it comes to public reporting, managing for results allows governments to show the public what has been achieved and at what cost. This is a departure from public sector organizations that focus on using rules, regulations and prescriptions to direct resources and actions in a particular way.

The Proper Conduct of Public Business in A Results-Focused Public Service

The business of government has changed over time. It is becoming—or striving to become—less rule-based and more innovative, shifting its focus to results and away from inputs and process alone. In doing so, governments have looked to the private sector for inspiration, seeking to be more service-oriented and customer-driven. They have adopted new forms of program delivery, taking a horizontal approach, relying more extensively on contractors, and establishing private-public partnerships. At the same time, governments have succumbed to pressure to down-size, reorganize and increase performance with reduced resources.

What has not changed, however, is the fundamental role of government, and expectations about the way in which it will conduct public business. Canadians expect their governments to achieve results that matter to them, but to do so in a way that is consistent with public sector values and ethics. It is not just the results that count: the way in which those results are achieved still matters.

Clearly, the proper conduct of public business is an integral part of the result to be achieved.

But making the transition to results-based management in a public sector environment is not without its challenges. This approach asks organizations to publicly report results and to subsequently demonstrate success—or failure—in meeting objectives. The media, the Opposition and the public can be quick to criticize and slow to reward government's decisions and choices. Consequently, the temptation when held accountable for results is to be conservative in one's promises—a practice that can help to ensure success publicly but may not drive a higher level of performance.

Managing for results also requires organizations to commit resources to building the systems, practices and culture of performance management. It demands that public servants focus on managing risks to achieve a result rather than avoiding risks altogether. And it asks rule-makers to balance compliance with flexibility, all the time ensuring that business is conducted in a responsible manner. In essence, it requires a change in government's systems and processes and a change in culture.

None of these changes is easily accomplished. They require sustained political and administrative leadership, and time for all the elements to be put into place. As we outline in the next section of this report, British Columbia has taken steps to implement this management approach, but success will require careful management.

Putting Managing For Results In Context

The idea of managing for results is not new to British Columbia. In 1996, the Select Standing Committee on Public Accounts endorsed an initiative to enhance government's accountability to the Legislative Assembly. The initiatives endorsed by the 1996 Public Accounts Committee was the work of many: the Auditor General, the Deputy Ministers' Council, the Council of Crown Corporations Chief Executive Officers, and a cross-government advisory body made up of senior and middle managers. And while everyone agreed that accountability for results—the public reporting of performance—is important, underlying the accountability framework was the need for government to implement a performance management system (i.e., to manage for results).

The initiatives, endorsed by the 1996 Public Accounts Committee, included an implementation plan for this system that was to be built on the following precepts:

- that results will be the focus;
- the intended and actual results will be clearly reported and compared;
- there will be greater accountability for results at all levels;
- results information will be used in decision-making; and
- increased management flexibility will be provided to encourage performance.[1]

Subsequent to these recommendations, in 1999 the Budget Process Review Panel, chaired by Douglas Enns, released its report, "Credibility, Transparency and Accountability—Improving British Columbia's Budget Process." Among other things, the panel made recommendations for changes in legislation to commit the government to the public reporting of results. These recommendations are now reflected in the Budget Transparency and Accountability Act passed in 2000.

British Columbia is one of only a few jurisdictions in Canada to have such legislation in place. It requires that every ministry's multi-year plan (its service plan) include an accountability statement from the Minister responsible. The statement declares that the Minister is "accountable for the basis on which the plan has been prepared" and, further, that the Minister is "accountable for achieving the specific objectives in the plan." A similar statement is required in the Minister's annual service plan report, which must compare actual results to the intended results set out in the service plan.

Prior to the passage of the Budget Transparency and Accountability Act, some ministries were striving to adopt a results-based management approach. These organizations had leaders who saw the value of focusing on results, recognizing that it was simply good management practice and anticipating its importance in the future. In some cases, they were required through specific legislation or other agreements to report on their intended and actual performance. But these efforts were undertaken in a different milieu than today. The changes that have taken place since 2000 ask that all ministries build their capacity to effectively manage and report with a focus on results.

[1] Select Standing Committee on Public Accounts, August 13, 1996.

The state of results-based management today should also be understood in the context of other changes taking place. In 2001, shortly after the provincial election, the government announced plans to undertake a "core services review" of all government programs. Ministries were asked to: prioritize their activities and focus their resources on achieving key results; question how they previously delivered services; and assess whether those service delivery methods were the most efficient and effective means of accomplishing results. This resulted in the restructuring of a number of ministries.

At the same time, government was working towards having a balanced budget by 2004/05. Meeting that goal resulted in reductions in many ministries' budgets over the ensuing three years. As a result of these initiatives the public service has also seen a reduction of approximately 8,000 "full-time equivalent" positions, of which 85% were voluntary departures.[2] Ministries have to deal with these other changes and pressures at the same time as they work to implement results-based management.

Understanding the Government-Wide Framework for Managing for Results

The provincial government, through its central agencies, has taken steps to redefine the way the public service is managed. Coupled with the requirements of the Budget Transparency and Accountability Act, these initiatives create a government-wide managing-for-results framework for British Columbia. In effect, they are a group of related initiatives meant to support ministries in making the transition from a focus on inputs and activities to a focus on results. Exhibit 1 represents our understanding of the government's framework for managing for results:

- Central to this framework are the requirements set by the **Budget Transparency and Accountability Act**. The Act establishes a regular cycle of public service planning and reporting. The main purpose of the Act is to enhance government's transparency and accountability through public performance reporting. In this sense, the service plan and annual service plan report are primarily accountability documents. However, ministries also use the service plan to align their operations with the overall strategic direction of government.

[2]Unaudited number obtained from the BC Public Service Agency and BC Leadership Centre.

- **The ministry's framework for managing for results** works within the government-wide framework. The service plan communicates to the public the ministry's expected results; the strategies to be employed to meet those objectives and the ways the ministry will measure its success. In turn, the ministry's detailed operational plans (which are not reported publicly) are to align with the objectives and strategies set out in the service plan.

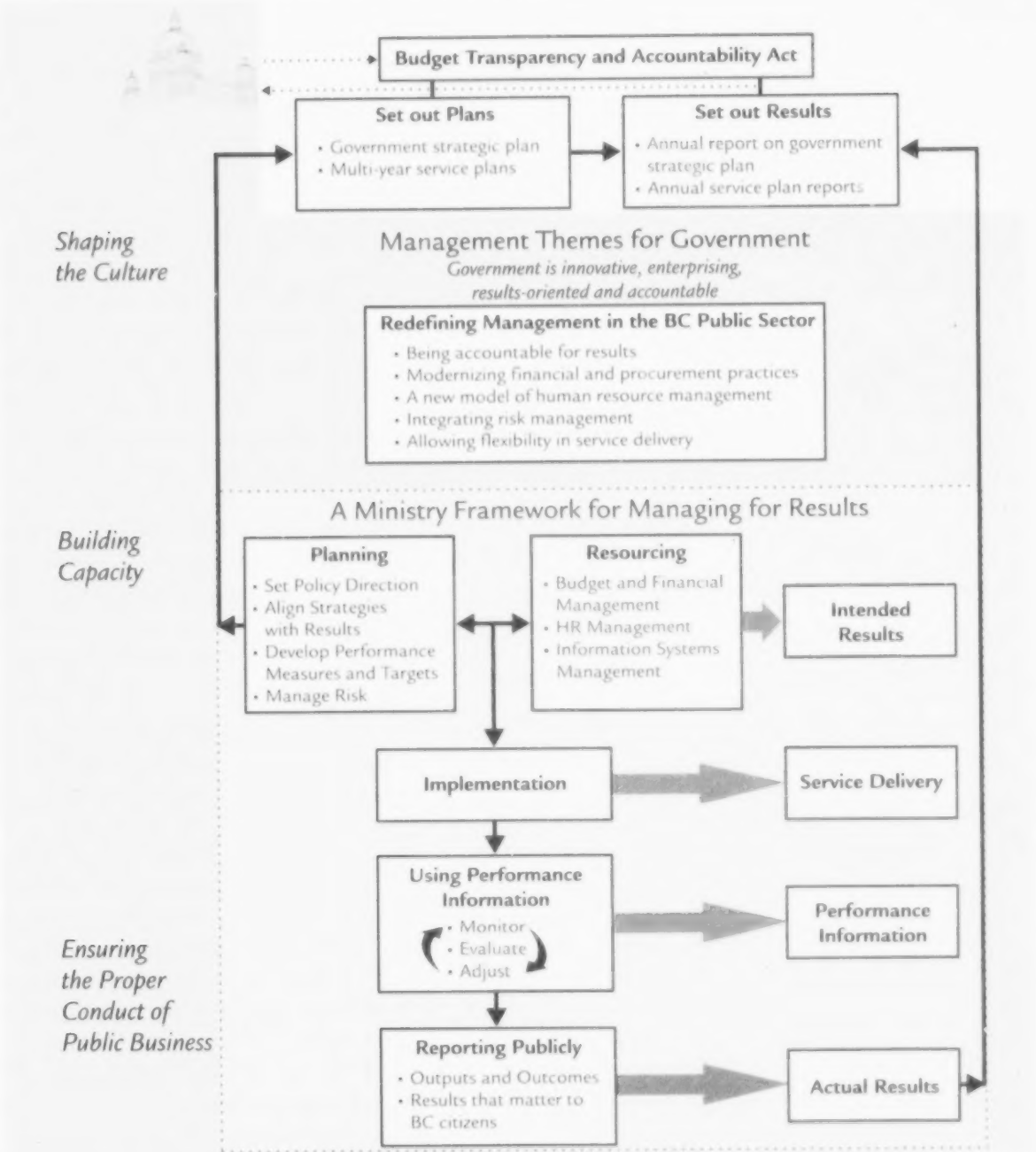
  Within the ministry's framework, the process of service planning is the beginning of the continuous cycle of improvement that marks this approach. Performance information is collected and monitored throughout the year, and ministries are to make adjustments to their strategies to meet their expected results. The annual service plan report then becomes the vehicle through which ministries report to the public on their efforts during the year.

  In addition to the changes created by service planning and reporting, the government is altering the way it supports ministries in carrying out their roles and responsibilities. Although these initiatives are managed and initiated by separate central agencies, they are meant to work together to assist ministries in realizing the management themes expressed in the government's strategic plan—namely that of creating a government that is "innovative, enterprising, results-oriented and accountable."

- By making changes to its human resource and financial management, **the government is redefining management in the province's public sector.** Ministries are to be given more flexibility in delivering their programs, and to accept more accountability for program results and decision-making. As accountability shifts from inputs and process controls to results, managers are expected to make the transition from being risk averse to being proactive in managing risks. Initiatives that are being undertaken to support this shift include: modernization of financial management, enterprise-wide risk management, and a new model for human resource management (including a focus on strategic human resource planning and the building of leadership competencies). For more information on the details of these initiatives, see Appendix B.

Exhibit 1

The government-wide framework for managing for results


Budget Transparency and Accountability Act
Set out Plans
• Government strategic plan
• Multi-year service plans
Set out Results
• Annual report on government strategic plan
• Annual service plan reports
Shaping the Culture
Management Themes for Government
Government is innovative, enterprising, results-oriented and accountable
Redefining Management in the BC Public Sector
• Being accountable for results
• Modernizing financial and procurement practices
• A new model of human resource management
• Integrating risk management
• Allowing flexibility in service delivery
Building Capacity
A Ministry Framework for Managing for Results
Planning
• Set Policy Direction
• Align Strategies with Results
• Develop Performance Measures and Targets
• Manage Risk
Resourcing
• Budget and Financial Management
• HR Management
• Information Systems Management
Intended Results
Implementation
Service Delivery
Using Performance Information
• Monitor
• Evaluate
• Adjust
Performance Information
Ensuring the Proper Conduct of Public Business
Reporting Publicly
• Outputs and Outcomes
• Results that matter to BC citizens
Actual Results

Prepared by the Office of the Auditor General of British Columbia, 2004

The framework in Exhibit 1 suggests the success of these initiatives rests largely on the ability of the government and its ministries to encourage a culture that embraces achievement, innovation and greater transparency. It requires government to build capacity to manage with a focus on results. In other words, the public service must develop the ability to measure, monitor and report on performance, while developing managers who can operate with greater responsibility and flexibility. This is a tall order. In making this transition, public sector managers are asked to continue to operate with the public interest at heart, in an environment of decentralized authority and reduced administrative processes and controls. They must ensure the proper conduct of public business continues in this new environment.

Issues related to capacity building and cultural changes within ministries are addressed in greater depth in Part 2 of this report.

How is the Framework Supporting Ministries in Adopting this Approach?

The various initiatives we just described—the service planning and reporting cycle, the financial framework, human resource management and enterprise-wide risk management—have been established, in part, to help ministries adopt a managing for results approach. So how are they helping ministries in making this transition? To help answer this question, we asked ministries what is working well and what areas need more attention.

We used a survey to solicit the views of senior managers from all of British Columbia's ministries. We recognize that many of the initiatives are still in the early days of implementation and that some of the changes are more significant or complex than others and therefore more difficult to accomplish. Nonetheless, the information from our survey provides an important perspective for supporting the implementation of the government-wide framework.

Quick Facts About the Survey

- An on-line survey administered and analyzed by BC Statistics
- Based on a census of Assistant Deputy Ministers (ADMs) and all members of the ADMs of Corporate Services Committee
- A 54% response rate received (60% is considered ideal; 50% is considered acceptable)

For more detail on survey methodology see Appendix A.

Survey Analysis

The survey results presented in this report are based on the following:

1. All responses in the "Don't know/No opinion" category were excluded from the calculations presented. The percentage of respondents who reported "Don't know/No opinion" can be found in Appendix C.
2. Those questions using a five-point scale (strongly agree, agree, neutral, disagree and strongly disagree) are presented with the first two categories combined and the last two categories combined (for example, Strongly agree and Agree are presented as "Agreed"). The percentage of responses reported in each category of the five-point scale can be found in Appendix C.

The survey explored five key areas related to how the government-wide framework was helping to support ministries in implementing a results-based management approach. It asked Assistant Deputy Ministers (ADMs) about the following:

1. *Commitment and Culture:* What were their perceptions concerning government and their ministries' commitment to changing the culture and implementing results-oriented management practices?
2. *Flexibility and Accountability:* Did they believe government's initiatives in the area of financial and human resource management were providing more flexibility in decision-making?
3. *Integration and Coordination:* Did they feel the components of the government-wide framework were integrated, well coordinated and supportive of ministries in implementing managing for results processes?
4. *Public Sector Values and Ethics:* Did they feel managers were able to operate in a manner consistent with public sector values and ethics in this current environment?
5. *Capacity Building:* To what extent were ministries building the capacity to manage for results?

In addition to questions related to each of these five categories we asked respondents to identify: 1) what they believed were the greatest challenges to implementing managing for results, and 2) what is needed to ensure the success of a managing-for-results approach.

The highlights of our findings are summarized below. (Our findings for the fifth area, Capacity Building, are discussed in Part 2 of this report.) Further detail on the survey findings can be found in Appendix C.

1. Commitment and Culture

Research shows that any significant change initiative requires strong, visible and effective leadership at all levels in government. One study of 50 U.S. states found that leaders who became publicly involved in, and identified with, the process of performance management had a positive effect in terms of encouraging employees to take managing for results seriously as a process.[3]

In our survey, we explored the perceived commitment of ministry executives to a managing-for-results approach and asked respondents to identify the office or agency responsible for providing leadership in the implementation of such an approach across government.

- **87% of respondents** agreed that results-oriented management practices are a priority for their ministry.
- **80% of respondents** disagreed that managing for results is viewed as a formal task that does not contribute to better program delivery.
- **56% of respondents** indicated that there is a champion or office/agency responsible for overseeing the implementation of a managing-for-results approach; 44% reported that there was not.
- **12 different offices/agencies** were identified by those 56% of respondents cited above.

[3] Moynihan and Wallace Ingraham, 2001.

What senior managers had to say about commitment and culture

My personal experience as an ADM has been excellent in this regard. I am challenged to deliver results from both my DM and Minister in a fair and consistent fashion. However, I have not observed a corporate culture of managing for results either across my ministry, or across government. The good news is the journey has begun—the bad news is we have a long way to go.

Planning work in this ministry currently underway will dramatically increase our focus on results for next year and make it possible to review on a monthly basis whether results are being achieved. The process requires a long-term commitment; the steps taken in the leadership training and the implementation of EPDPs are turning the tide. Government needs to continue the focus on results, with more training for middle managers.

Managing for results requires a cultural shift in government. Employees are conditioned to report on activities not results. This shift will take time to effect change. The shift will also require commitment by ministry executives to ensure consistency of message and commitment to reporting. The Service Plan and Annual Service Plan report provide a strong basis for managing for results. Mechanisms to improve reporting of results within ministries must be established....

Excerpts from the qualitative responses provided by ADMs in our survey

Overall, these results suggest that senior managers believe there is a strong commitment to managing for results within the ministries. Although, the qualitative responses we received acknowledge the early stage many ministries are in, generally we found a strong commitment to moving managing for results from a "paper exercise" to a way of operating and managing programs.

Despite this positive result, we are dismayed that so many respondents were unable to clearly identify a champion or agency/office responsible for ensuring managing for results is implemented across government. The lack of a visible leader to provide the sustained communications and direction required to keep attention focused on this initiative is a concern. Gaining commitment at the outset to a major change is a significant accomplishment and an important first step, but successfully implementing such a change initiative requires ongoing attention and support.

2. Flexibility and Accountability

Success in implementing the government's vision for a results-oriented public service rests, to a large extent, on providing managers with greater flexibility and autonomy in making decisions. In other words, the initiatives are meant to "let the manager manage." In exchange for a greater level of discretion in decision-making, managers are also to be given greater responsibility for managing their programs, ultimately being accountable for their decisions and their results. We asked ADMs for their perceptions on the increased flexibility provided to managers and if they believed managers had a good working knowledge of the changes taking place in the area of financial and human resource management.

- **59% of respondents** agreed that their ministry managers are more accountable for the management of their financial resources than they were three years ago.
- **55% of respondents** agreed that their ministry managers currently have more decision-making power in relation to human resource management than they had three years ago.
- **52% of respondents** agreed that in their ministry the shift from rules-based to principles-based financial management practices gives managers more flexibility to reallocate resources to achieve program goals and objectives.
- **50% of respondents** agreed that managers in their ministry have a good working knowledge of the new financial framework and its components.

What senior managers had to say about flexibility and accountability

I believe managers now have more flexibility when it comes to financial and HR practices. They also have more accountability for these same things.

The driving down of financial responsibility has not come with appropriate classification for financial personnel. We have difficulty recruiting and keeping people with the skills needed. The HR work is loaded on these same people with little assistance. The theory is excellent, but adjustments are needed to examine the level of expertise needed in the new environment.

I think we all appreciate the desire for greater accountability, but struggle with the additional demands from a practical perspective.

Excerpts from the qualitative responses provided by ADMs in our survey

- **29% of respondents** agreed that managers in their ministry have a good working knowledge of the new human resource management model and its components.

The survey revealed that a small majority of the respondents agreed that the government's initiatives in the area of financial and human resource management are providing more flexibility in decision-making. A small majority also felt that managers had a good working knowledge of the new financial framework and its components. However, less than a third of respondents believed that managers have a good working knowledge of the new human resource management initiative. This perceived lack of knowledge about each of these parts of the government-wide framework may signal a need for increased communication and information-sharing among the central agencies of government and the ministries.

3. Integration and Coordination

The integration and coordination of the government-wide framework is important for supporting ministries in implementing this approach. On the one hand, an organized and well-coordinated approach reduces the risk of duplication, conflicting priorities and an inappropriate pace of change. Research suggests that a perceived lack of coordination or disorganization in the implementation of a change initiative is often a major source of employee and manager resistance to change.[4] As well, literature on best practices suggests that a strong performance management system relies on the coordination of government's management processes with the performance management cycle.

In the survey, we asked ADMs whether they were able to use the government-wide plan to align their activities to the overall strategic direction of government, and whether they found the various initiatives to be well integrated and coordinated.

- **84% of respondents agreed** that their ministry uses the Government Strategic Plan to align the ministry's activities with the strategic direction of government.

[4]Stewart and Kringas, 2003; Pendlebury, et al., 1998.

What senior managers had to say about integration and coordination

Efforts need to be made at better integrating the various documents in the day-to-day functions of the ministry, as well as eliminating the duplication and unnecessary parts of the various planning documents based on where value is truly added or not.

There are many cross-ministry initiatives with no effective means to link and coordinate. Oftentimes conflicting priorities and demands affect the way ministries coordinate....

Excerpts from the qualitative responses provided by ADMs in our survey

- **63% of respondents agreed** that their ministry uses the Corporate Human Resources Plan to align the ministry's human resource management activities with the strategic direction of government.
- **37% of respondents agreed** that planning, reporting and budgeting processes are synchronized across government to support good performance management.
- **35% of respondents agreed** that enterprise-wide risk management is well integrated with the government's other initiatives to manage for results.

These results are mixed. While respondents reported using the Government Strategic Plan and the Corporate Human Resource Plan to align ministry activities with the strategic direction of government, they also identified a lack of coordination amongst the various initiatives designed to support performance management.

The perceived lack of coordination and integration at the government-wide level with respect to these various initiatives may adversely impact the ministries' commitment to continually implement managing for results and create roadblocks for developing a comprehensive performance management system. This suggests that central agencies will want to re-evaluate the planning and reporting requirements as well as their timings, to better support the integration and coordination of the various aspects of managing for results.

4. Public Sector Values and Ethics

The government-wide framework implemented in British Columbia is meant to give managers greater autonomy over decision-making in exchange for increased accountability for results. At the same time, administrative support services (e.g., human resource transactional services) are being delivered outside the ministry. For public sector managers, balancing this increased responsibility and the accompanying administrative demands with the need to operate in a manner consistent with the public sector values (such as equity, probity and administrative fairness) is an important part of making the transition to managing for results.

In our survey, we asked ADMs whether they believed that managers were balancing their increased responsibility for resource management and decision-making with ensuring that public business is conducted in a manner consistent with public sector values and ethics. We explored whether the managers were being held accountable for their resource decisions and whether they believed internal controls were respected. We also asked whether managers had sufficient knowledge to manage their resources in a responsible manner and whether managers

What senior managers had to say about public sector values and ethics

Managers have been under considerable pressure to produce extraordinary program change, develop new models for service delivery, come up with policy options that satisfy stakeholders with widely differing views, re-invent the internal infrastructures for human and financial management and manage a major workforce adjustment. While all managers support the need for training, few have had the opportunity to attend enough training to gain the knowledge and skills necessary to make the shift to the new world.

Time is the limiting factor for most managers. Managers are often required to perform responsibilities as the competent authority on given issues, thus taking away from time to effectively manage financial and human resources. This is owing to the reduction in staff resources available and the breadth of issues that ministries are expected to address. While most take their responsibility seriously, I am concerned that due diligence is not being applied fully.

Excerpts from the qualitative responses provided by ADMs in our survey

had been provided the right tools and had sufficient time to manage with this increased flexibility and responsibility.

- **78% of respondents agreed** that managers in their ministry are held accountable for managing their financial resources.
- **78% of respondents agreed** that managers in their ministry do not circumvent established internal controls in financial management.
- **62% of respondents agreed** that managers were accountable for managing their human resources.
- **55% of respondents agreed** that managers in their ministry do not circumvent established internal controls in human resource management.
- **51% of respondents agreed** that managers have sufficient knowledge and ability to manage their human resources in a manner consistent with public sector values and ethics.
- **48% of respondents agreed** that managers have the time to manage their financial resources in a manner consistent with public sector values and ethics.
- **27% of respondents agreed** that managers have been provided the right technical tools to manage their human resources in a manner consistent with public sector value and ethics.
- **18% of respondents agreed** that managers have the time to manage their human resources in a manner consistent with public sector values and ethics.

The results are mixed. On the one hand, the majority of senior managers believe that in the area of financial and human resource management, managers are held accountable and operate within established internal controls. In relation to financial management about half of the respondents believed that managers have sufficient time to operate responsibly in this environment. However, about only one in four respondents felt that managers have been provided the right technical tools to manage their human resources and a small number of respondents believed managers had the time to manage their human resources in a manner consistent with public sector values and ethics.

None-the-less the information we gathered from our case studies suggests that many of the changes made to the management of government's resources, both human and financial, are seen as positive though much of the work is still in transition.

The BC Public Service Agency is now bringing the right kind of values forward. The Deputy Minister [from the agency] came to Executive twice and it is the first time in 25 years that I could put a face on the HR component of the BC government.

Over the long term, the new HR model will be a positive shift to an entrepreneurial way of managing . . . . Historically, HR systems focused on what you can't and shouldn't do. They've gone through all that and it has not been a good HR model. With the work that the [BC Public Service Agency] is doing on competencies, it is bringing forward the right kind of values.

During this transition, however, there are risks associated with the flexibility and the increased responsibility conferred to ministries. The answer for our case studies was to find ways to manage these risks. However, these strategies sometimes run counter to the intention of the initiatives.

While accountability is being driven down to managers, they do not yet have the capacity (knowledge and time) to deal with the issues.

We have identified a Branch coordinator to be a de facto Finance and Admin manager as sort of the first line of attack. This person coordinates contracting, running competitions and financial services at the branch level. I think this is a bit of off-loading, but that is the model.

It used to be that there would be an HR manager and a HR Tech in a shop to support managers in competitions etc., but they are no longer there. To support managers, we created a package to walk them through competitions etc. We are sharing this with (BC Public Service Agency). It is difficult to find things on their website.

The ministry . . . has developed procedural documents and created branch coordinators to assist managers. They are like the old style "office managers." They are a "jack of all trades"—able to write contracts, do some basic administrative tasks. This should allow managers some "real" time to manage.

As a final question we asked survey respondents to identify the greatest challenge to implementing a managing-for-results approach and what they believed is needed to ensure the success of this approach. The following summarizes the top three key challenges and "enablers" identified by the respondents.

The Top 3 Challenges	The Top 3 Enablers
41% of respondents identified **time and resources to implement managing for results**	40% of respondents identified **executive leadership**
16% of respondents identified issues related to **building capacity** (i.e., developing performance management processes and the information systems that support them)	24% of respondents identified **more time and resources**
16% of respondents identified issues related to **facilitating a cultural change**	10% of respondents identified **a cultural change** while another 10% **identified technical support and training**

Fostering the Transformation to Results-Based Management

Our findings, through both the survey results and discussions with ministry officials and staff, suggest that the government has taken steps to support ministries as they shift their focus to results. But it is early days. Putting the theory into practice is still in transition.

The requirements of the Budget Transparency and Accountability Act are helping to drive the change to a public service that is focused on planning, measuring, monitoring and reporting on performance. The steps taken to date have effectively drawn commitment from Assistant Deputy Ministers to manage their programs with a focus on results.

It appears that a majority of senior managers believe that the changes in the areas of financial management are allowing managers a greater degree of flexibility than before. Our findings suggest that government managers have more responsibility for resource allocation than they did three years ago. Furthermore, the efforts of the British Columbia Public Service Agency to build competencies and encourage a culture of learning are viewed as positive first steps in building support and commitment.

However, these steps are just the beginning. As with any significant change initiative, there are issues to be overcome. For example, senior managers reported that the changes to human resource and financial management have created workload pressures. This raises concerns over the ability of managers to operate responsibly and effectively in this new environment.

And while there is demonstrated commitment from ministry leaders to implement a results-based management approach, there is also concern that the various initiatives are not yet well coordinated or integrated. Furthermore, a visible champion to oversee the implementation of this framework could not be identified by the survey respondents. Coupled with this is the need to further build capacity and encourage a supportive culture.

We highlight these issues because we believe that better integration and coordination of the elements of the government-wide framework and a strong visible leader will reduce resistance to results-based management while helping support a seamless performance management framework across government. If government provides sustained leadership and commitment through its central agencies to monitor and coordinate the efforts, the risk that ministries will not fully engage—or even disengage—from the process will be lessened.

Agenda for Action

We urge the government to continue to support results-based management in its ministries and, in particular, to:

1. Identify an executive sponsor to coordinate and support the implementation of the various initiatives across government. This sponsor should be responsible for providing leadership to ensure that the various initiatives are working to support ministries and that the pace of change is appropriate given the demands on managers.
2. Consider employing a cross-agency change team to help coordinate, monitor and manage the various initiatives, and to identify areas of concern in implementing managing for results.
3. Sponsor communities of practice groups to share lessons learned, encourage innovative thinking and otherwise support ministries in overcoming the challenges of the transformation.

These actions will send a clear message that the government has made managing for results (and the initiatives to support this management approach) a priority: results-based management is here to stay.

Part 2:
Managing for Results in a Ministry Environment

What have been the main challenges in implementing a managing-for-results approach? What key conditions have helped managers build their capacity, change the culture of their organization and still ensure the proper conduct of public business? When it comes to putting results-based management into operation, the practical experience of three ministries and selected programs within those ministries offer many valuable lessons.

Our Ministry and Program Case Studies

We asked three ministries to nominate programs that could serve as case studies for this report. The Ministry of Community, Aboriginal and Women's Services proposed the BC Provincial Nominee Program and the BC Settlement and Adaptation Program; the Ministry of Agriculture, Food and Fisheries proposed the Crop Insurance Program; and the Ministry of Forests proposed the Tree Improvement Program. (Appendix D provides short descriptions of these programs.)

These programs have much in common. Many of them, for example, began to focus on results in the mid-to late 1990s, before the Budget Transparency and Accountability Act came into effect. The Settlement and Adaptation Program, for instance, was required to report performance information because of the federal/provincial Agreement on Immigration. The Crop Insurance Program had been part of a pilot to include performance measures in the Estimates. In some cases these early "pioneering" efforts to move to results-based management stemmed from a belief by leaders that this was the "right way" to manage.

The four programs also have important distinctions among themselves—distinctions that show how some programs and services are not as conducive to implementing a results-oriented approach. For example, some programs:

- have outcomes that are difficult to measure (e.g. social outcomes, which are harder to measure than the production of a specific item);
- face fiscal pressures that limit access to additional funding to support change; or,
- are vulnerable to unforeseen changes in funding and strategic direction—that is, they lack long-term program stability.

Despite the differences from program to program, our case studies suggest there are both common advantages and challenges associated with implementing this management approach.

Common Advantages of Applying Results-Based Management

Demonstration of program relevance—Managers reported that their programs relied on performance measures and program evaluations to demonstrate program value—and doing so supported funding stability in times of turmoil, provided political decision-makers with indicators of a program's success and served to demonstrate the importance of the program to the public and to public servants.

> *We were motivated to provide information on the performance of the program because of the scrutiny we expected for the program. We needed to demonstrate clearly the value for money of the program. Also, we wanted to set the standard for all the provinces. We needed to build credibility within the BC government as well as with the Federal government.*

Improvement in performance—According to several managers, managing for results helped to clearly identify and articulate the program's direction, and the use of targets that are challenging to meet helped pull the organization toward better performance.

> *We were surprised with the improved performance of the program. We are well on our way to meeting the stretch targets we have set.*

Better information—The processes of planning, monitoring and reporting are a central aspect of results-based management and, according to several managers, implementing these processes provided them with better information with which to make operational decisions.

Adoption of more open and transparent business processes—In one program, for example, the implementation of a results-based approach led to a more open and competitive process for awarding service delivery contracts. Another program's business planning process enhanced the transparency and accountability of the program. The ability to openly communicate the program's direction and relate how each activity was contributing to key objectives helped to move this program from "an environment of

mistrust and opportunism to one of openness and transparency where we all pull together to meet the same objectives."

> *We (external stakeholders) are much more comfortable having measurable goals. It shows that the program is more transparent and spending its money wisely. It means that you can hold people accountable for the goals and results that they set for themselves.*

Common Challenges To Applying Results-Based Management

Changing the culture of the public service—Many managers raised this issue. Some remarked on the tendency of the public service to be punitive and intolerant of mistakes. This, they said, makes creating both an innovative and transparent organization a challenge.

> *Moving from a risk culture to continuous improvement and learning is a huge challenge. The culture within the public sector tends to be punitive, but if we're going to motivate people to meet their targets and objectives (let alone stretch targets), then we need a culture that accepts failure in terms of learning.*

> *The rewards aren't there for public servants. In essence, people get punished for innovation. You can throw yourself into an issue and destroy your reputation.*

As one manager commented, "The political arena may not be ready for results." While many favourable conditions have been initiated to encourage results-based management, many managers found it challenging to make the adjustment given the environment of the public service. It is not just program managers and ministry executive who have to change; communication branches and politicians have to get used to and support a culture of transparency.

Managing many demands in a time of many changes—Managers from two ministries specifically spoke of the difficulties of implementing results-based management in a time when they had to deal with significant downsizing coupled with changes in mandate. The challenge is to have staff commit to change when they were also expected to accept new goals and objectives, establish new relationships with stakeholders, apply new mechanisms to deliver services and do all this while seeing the people they worked with for a number of years leave the organization.

Many interviewees said that with more responsibility and a greater workload, since the downsizing, managers are finding it challenging to dedicate time and energy to implement managing for results. We were told that some public servants are still feeling fatigued and uncertain about their future. This is also creating challenges for building trust and inciting in staff a sense of excitement about the change.

Balancing results with the proper conduct of public business—In the British Columbia public sector, results certainly matter, but how those results are to be achieved is also critical. Were decisions made fairly and equitably, for example? Did managers exercise due probity and prudence while achieving the intended result?

The challenge in this regard is reconciling compliance and control with flexibility, innovation and the achievement of results. Focusing on results does not mean abandoning administrative processes that help ensure programs are delivering services in a fair, equitable and responsible manner. As noted by James and Eaton, "Doing the right things and doing things right is a balancing act." It means being ready to loosen administrative controls, focus on performance and accept accountability for program results.[5]

The managers we spoke to were clear on how they balanced the proper conduct of business with achieving results.

> *If we didn't act—if we took the usual government time to get this done—we would have failed. There is no going back. This is a not a risky proposition. We do have checks and balances in place. We didn't seek perfection on the 'permission' front—we did our due diligence and then went ahead. As a check we have increased scrutiny.*

We found that the ability to operate responsibly in a results-oriented manner is in part tied to the capacity of an organization to effectively use the processes of performance management to make decisions. Until managers are confident in the quality of the performance data and have a balanced set of measures that accurately demonstrates a program's performance, it will remain difficult to relax the process controls that help ensure administrative fairness. For example, managers need to know that performance contracts are based on valid and comprehensive performance information. At the same time, they need to carefully balance a focus on the achievement of results with public sector values and ethics.

[5]James and Eaton, 2003.

Using performance information for daily decision-making—Although two of the program case studies reported using performance information on a regular basis for decision-making, many of those we spoke to acknowledged that they were not at this stage. Despite this, we found that the case study participants believed in a managing-for-results approach and were moving ahead and working to continually improve the performance information they collect and report. Many were taking steps to facilitate a better use of performance information in their program and ministry.

Exploring Culture And Capacity

Managing for results, in its narrowest sense, is about technical processes and tools. But the reality is that it is much more than this. It is both a human and a technical endeavour. By definition, managing-for-results is about focusing on outputs and outcomes rather than just on inputs and process. And while this approach is highly dependent on formal systems to plan, monitor and report on results (as seen in Exhibit 2), these processes rely on people to design, implement and guide them.

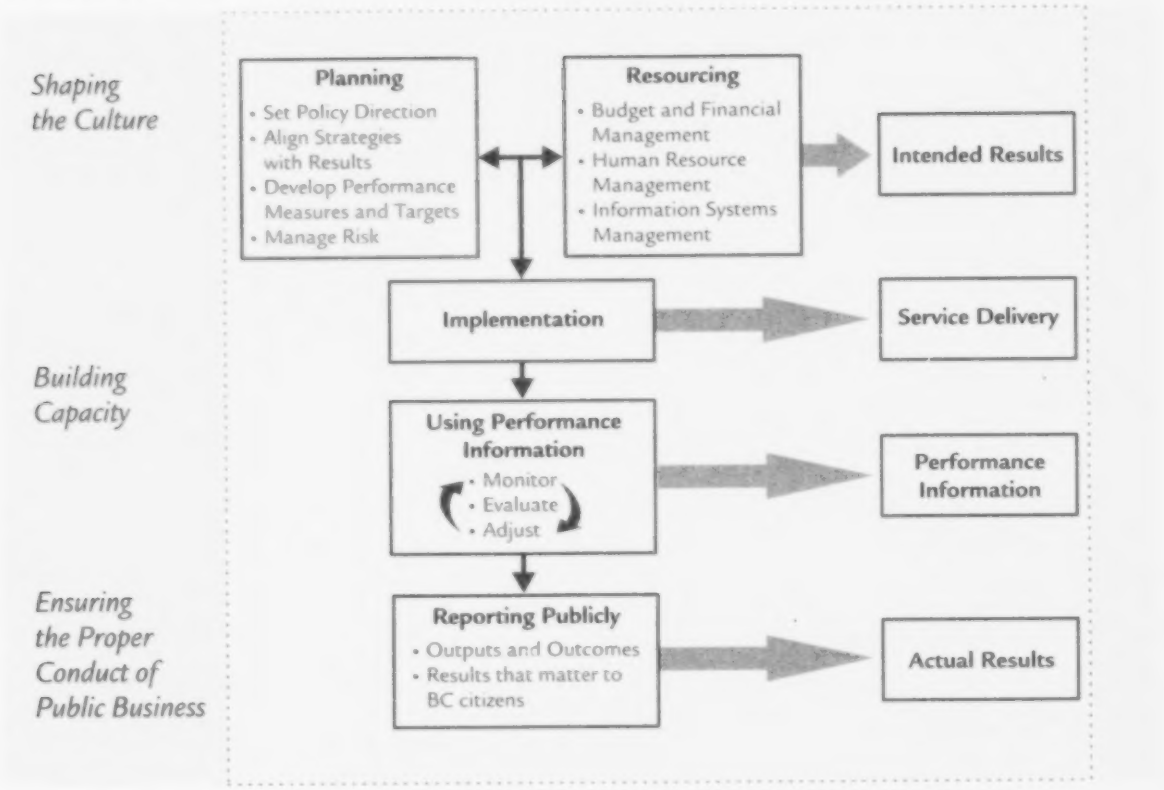
In this section, we present challenges and lessons learned from those we interviewed and from other sources where appropriate. We have organized our findings around the two key themes identified in Exhibit 3:

- building capacity through developing performance management processes; and
- shaping culture by focusing on people.

Although we attempt to isolate the various aspects of results-based management—both the technical management processes and the softer human factors—in practice there is no such delineation. A challenge in one area (changing the culture of an organization, for instance) can be addressed by solving issues in another area (for example by the monitoring of performance measures). A single solution can have different impacts for this reason, we repeat some aspects more than once, but we thought these nuances worth capturing.

Exhibit 2

A ministry framework for managing for results



Source: Prepared by the Office of the Auditor General of British Columbia, 2004

Public sector managers, we hope, will find the many good practices and lessons presented here helpful to them in their continuing efforts to advance results-based management. We have also included a 'resource book' in Appendix E to provide practitioners with additional sources of practical information in implementing this approach.

Building Capacity by Developing Performance Management Processes

The theory of performance management (as seen in Exhibit 2) seems quite straightforward: identify and communicate a clear direction, plan your achievements, align and integrate your various systems to support the achievement of results, use performance information to monitor and adjust your program to improve performance, and report on your efforts. The reality is not so simple. It can be challenging to develop this management cycle.

Organizations can plan and report on results without necessarily tying these processes into their day-to-day management. In this situation, what the public sees (in reports) may be form rather than substance. If managing for results becomes merely a paper exercise or if people are not incorporating the processes into their day-to-day management, the formal processes of planning and reporting may not be meaningful to the organization. For this reason, although we address other process issues, we pay particular attention to those practices and lessons learned that encourage the use of performance information.

Developing an Effective Planning Process

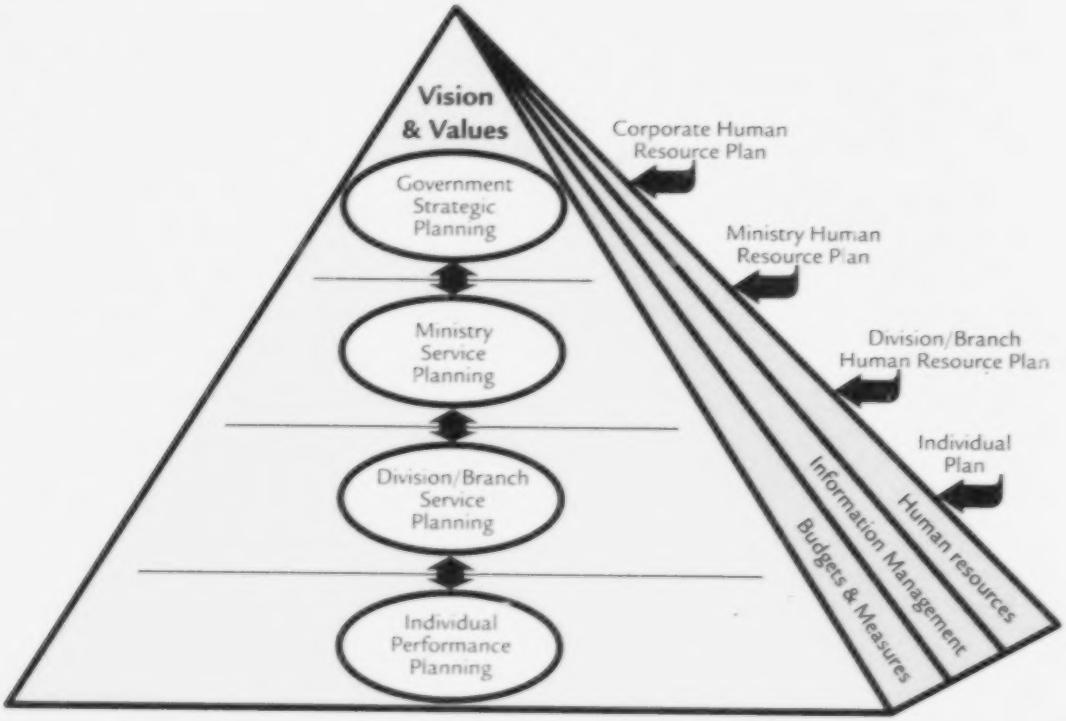
As the theory suggests, planning is a crucial aspect of a good performance management system. It is the starting point of the performance management cycle and is the foundation for developing performance measures.

The Budget Transparency and Accountability Act requires that each ministry table a three-year service plan in the Legislative Assembly, with defined goals, objectives and performance measures. The planning cycle created by this legislation provides the basis for a ministry managing-for-results framework.

Ideally, the service plan should align with the government's strategic direction as set out in the government strategic plan, and the ministry operational plans and individual performance plans should align with the ministry's service plan (Exhibit 3). This creates a "clear line of sight" from the government's priorities through to the individual's contribution to those priorities.

Exhibit 3

Planning framework



Source: Adapted from the BC Public Service Agency Corporate HR Plan 2003/04 – 2005/06

Ministries are also required to include a synopsis of their current human resource plan, and information systems plan.[6] All of these plans should also align with the ministry's service plan, and the human resource plan with the government's Corporate Human Resource (HR) Plan.

The alignment of plans is meant to ensure that ministries focus efforts in a coordinated manner and undertake only those activities that contribute to the overall direction of the government. It also signals to ministries the need to integrate and align their various management systems with the performance management system.

[6] Requirements set out in the 2003/04 Service Plan Guidelines prepared by Treasury Board Staff.

Most of our program case studies showed that, at least on paper, they had aligned program measures and targets in their branch or business plans with their respective ministry service plan measures and targets. However, not all were at the point of implementing Employee Performance Development Plans (EPDPs) at the time of our study.

A plan should pull an organization toward better results, but often planning is a one-time event where the completed plan sits on the shelf or simply becomes a description of what the organization does rather than what it will do. What gave life to the plans in our case studies can best be described as a "top-down to bottom-up" planning process. This process meant that the executive set a clear direction while staff and other relevant stakeholders were actively engaged in identifying the strategies, activities, outputs, outcomes and resources required to meet those high-level objectives.

Consider what happens when planning processes are not both top-down and bottom-up. If the planning process is simply a top-down exercise, there would be a clear direction but it would fail to engage the necessary stakeholders in owning the plan. In other words, a simple top down process runs the risk of not engaging those who will help you meet your objectives. On the other hand, a simple bottom-up exercise may create a plan that is not reflective of government and ministry priorities, or a plan developed by small powerful groups who have a strong influence over a program's agenda. There may be good measures and strategies identified in a bottom-up process but there would be no oversight or control on the process to determine if people were all working towards the same objective, and if the identified strategies would contribute to the overall objectives of the organization. The Tree Improvement Program, summarized at Exhibit 4, provides a good example of alignment and coordination in planning.

Branch Planning in British Columbia's Ministries

The majority of respondents (52%) reported that all programs prepare branch/business plans while 36% reported that more than half do; 7% reported that less than half do and 5% reported that either less than half do or that no programs prepare branch/business plans.

Managing For Results Survey 2004

Exhibit 4

The Tree Improvement Program Planning Process

The key planning documents in this program include a long-term, high-level strategic plan and annual business plans. The development and delivery of the strategic plan is a top-down process, while the process for developing the business plans allows for input from a variety of stakeholders. In the end, it is the Forest Genetics Council (FGC), through its advisory committees, that approves the activities that contribute to the high level objectives identified in the strategic plan. These objectives are not only those of the FGC; they also align with the Ministry's tree improvement objectives. Therefore, the model allows the various stakeholders to focus their activities to achieve agreed-upon objectives.

The Strategic Plan

The Strategic Plan sets out a framework for the next 5-10 years, and is a critical element to long-term program success. The plan communicates the high level goals and the key objectives that drive the program. The strategic plan is developed through consultation with various stakeholders, including industry, academia and ministry representatives. The FGC develops the final plan. The plan's objectives are stretch targets that are communicated to all stakeholders. The FGC deliberately set targets that would seem difficult to obtain so as to build excitement about achieving results.

The Business Planning Process

The business planning process is less about strategic direction and more of a technical exercise to align activities and outputs with the higher-level objectives set in the strategic plan. The business planning process requires engaging stakeholders at the right level with the right expertise and authority to determine the activities and the outputs that support achieving the high level objectives set out in the strategic plan. This is accomplished through technical advisory committees and their relevant sub-committees.

The Council reviews all strategies, plans, or recommendations from the technical advisory committees and their sub-programs for approval or revision before including them in the FGC Business Plan.

The Advantages of This Process

There is a clear line of sight created by this process. Technical goals and objectives are aligned with the larger goals and objectives of the FGC. Each part of the program, from extension services to orchards, work to achieve the same objectives as set by the FGC. The aggregate of all the species plans and proposals that are ranked by the FGC creates a provincial picture of tree improvement activities, from research to seed production, each working to support the overarching objectives of the Ministry's Tree Improvement Branch.

The process communicates the activities required and identifies areas where more or less effort is needed. Each stakeholder knows the targets they need to meet and can identify what they need to produce, where they may need to shift their production for the future and how what they have done has contributed to tree improvement in the province. Only those activities that contribute to meeting the objectives of the FGC are undertaken, reducing wasted effort and ensuring all groups are "pulling together in the same direction."

This process creates both long-term and short-term targets and objectives. The FGC sets a long-term vision and each technical advisory committee sets short-term targets. There is a clear path identified to meet those long-term objectives. This system provides both a short-term action plan and, perhaps more importantly, gives stakeholders greater confidence in the long-term direction of the program.

The funding required to meet each output is identified through the business planning process. The resources required to meet expected results are clearly identified in this process. Each committee identifies priorities, and evaluates and ranks proposals and projects for funding through the business plan. Included in the individual proposals is a budget table where each producer or stakeholder group must identify their performance indicators —essentially what they will produce or what activities they will carry out for X amount of money.

Integrating Planning and Resourcing

Resourcing and planning are simultaneous processes. While ministries design programs and policies to support the high-level goals and objectives of the government, they do so with finite resources at their disposal. Planning relies heavily on understanding the resources available to carry out activities, and it requires a means of estimating what is needed to achieve results. Budgeting, in turn, relies on understanding an organization's key strategic priorities and the results it wants to achieve within a specified time frame.

Linking resources to intended results is a challenging aspect of managing for results, but essential in ensuring organizations are effectively managing their resources with a focus on what they can achieve. Although two of the programs we looked at link budgeted dollars to the outputs and outcomes they wish to achieve, others struggled with linking resources to results.

The impediments were both human and technical.

Significant among these were the attitudes among some managers towards planning and budgeting. Often financial management drives performance management, when really the processes of planning and resourcing should be iterative.

What Does Linking Resources To Results Mean?

BC Reporting Principles

In October 2003 the government, the Public Accounts Committee and the Auditor General of British Columbia agreed that the "BC Reporting Principles" should form the basis for how service plans and annual service plans reports are written and assessed.

The eight reporting principles serve as a guide to help government know what it should report to the public each year about the planned and actual performance of ministries and Crown corporations.

Principle 5 "Linking Resources to Results" suggests that public performance reporting should link financial and performance information to show how resources and strategies influence results. Related to this is how efficiently the organization achieves its results. The principle is directed at demonstrating the link between an organizations' financial and human resources and its performance. It views funding as a means to an end--more specifically, an organization's ability to deliver on its plan--but also recognizes funding as a critical element in an organization's ability to manage its risks and continue operations. Linking financial and operational goals, objectives and results is therefore important to any public sector organization.

Office of the Auditor General of British Columbia, *Performance Reporting Principles For the British Columbia Public Sector,* November 2003.

For more information on BC Reporting Principles see Appendix F.

Performance management should drive financial management. We are not here to spend money; we are here to accomplish something. The resources are the means to the end.

Another impediment we identified relates to the fact that financial managers often used to be separate from managers who determine policy or program direction—in other words, there existed a tension between the "guardians" and the "spenders." But performance management sees these two groups working as a team. No longer is it the financial manager's role to focus just on compliance and control; he or she is now an essential member of a team striving to achieve results.

Performance management says you must marry the two—which is what we are trying to do. I am not saying it's a marriage made in heaven but you do have to recognize that this integration is key.

Planning and budgeting should be viewed as a chance to reprioritize—to move resources to those activities and strategies that are most relevant to the mandate of the ministry or program. Like the government's core services review, planning and resourcing processes are opportunities to look at what programs are delivering, to move resources as needed to meet priorities, and to identify alternative delivery mechanisms to meet results. This is not easily accomplished in the public sector. We heard that budgeting is often about protecting resources, especially in a time of downsizing. Having one program give up resources to another is very difficult. The protection of resources creates inflexibility in the system to move resources to achieve results.

Part of the challenge is the lack of integration in the planning and budgeting cycles. For example, ministries begin their planning without a confirmed budget. While the Ministry of Forests uses its performance management information system (MAX) to link its budgeted resources to the performance objectives set out in its service plan, those resources are not fixed until well after the service plan is prepared, thereby necessitating last-minute changes to the plan just before the budget is released publicly.

The MAX system allows the ministry to link both dollars and staff (that is, "full-time equivalents") right through to a specific program's products or outputs. It then uses this information to demonstrate the link between the resources allocated and the goals planned in the service plan. This system is unique among our case studies; to our knowledge similar systems are not used within British Columbia's ministries. While the MAX system is a powerful tool in the Ministry, managers did report challenges with integrating MAX with government's centralized financial systems. In addition, estimating and attributing indirect costs—such as policy development—to specific targets in the service plan is a complex process. Those indirect costs for example, may support two or three lines of business within the ministry, and it is a challenge to identify (and measure) how those activities support specific service plan targets. Therefore, it becomes difficult to accurately contribute the costs of those activities to targets.

We concluded that many organizations continue to face the challenge of not having the right level or form of information to effectively link resources and results. As performance information and systems become more sophisticated and coordinated, a closer linkage between resources and planned and actual results may be more easily accomplished. At the same time, there must be a change in attitude towards resourcing in the public sector, a rethinking of the allocation process, and continued work on developing the technical capacity to provide the information needed.

Exhibit 5 summarizes several tools that can help with planning, developing performance measures, and identifying targets.

Exhibit 5

Technical tools for managing for results

Mapping Tools

Logic Modeling

Many of our case study participants identified the value of the logic model in changing culture and building capacity. A logic model is a visual representation of a program's inputs, activities, outputs and outcomes, demonstrating the causal relationships between these various elements. A logic model can therefore provide the visual framework to tell the performance story of an organization. Logic models help program managers and staff identify long-term outcomes and demonstrate to them how their activities contribute to those outcomes.

Logic modeling can be used at an organization-wide level and at a program level to help build better measures, support strategic and operational planning and clarify the results programs want to achieve. In engaging staff in the development of a logic model, managers are communicating goals and demonstrating how activities contribute to the achievement of outcomes. It is not only a valuable technical tool in developing measures and guiding program evaluations, it is a valuable tool in clarifying and communicating what the program does, what it hopes to accomplish and how it will do that.

The logic model is a great communication and accountability tool. It focuses you on managing and communicates 'why are you doing it?' Developing the logic model was critical in helping us re-define our role.

The Balanced Scorecard

Although not used in our case studies, many organizations do employ the balanced scorecard, or a modified version, as a tool for integrating strategic planning and performance management. The strategy map of the scorecard can be used to develop a logic model to identify goals, objectives, strategies and their corresponding performance measures. It provides a strategic framework for developing measures and communicating internal and external strategies.

Plans

Business Planning

It is helpful to actively involve staff in the operational and strategic planning process. This allows them to "own" the plan and to better understand their contribution to those higher-level objectives. It also creates an opportunity to be more innovative and think not only about what the branch or program is doing now, but about what different strategies it can employ to best meet future objectives. But engaging staff in the development of a ministry's service plan can be difficult given the number of staff and the unwieldy number of activities, outputs and outcomes each ministry program seeks to achieve. Business, branch and program plans as well as, individual's performance plans, provide ways for engaging staff in the planning process and for identifying how their activities contribute to the overall objectives of the ministry.

Employee Performance and Development Plans (EPDPs)

Although, at the time of our interviews, EPDPs were a fairly recent requirement, people generally were supportive of these plans. They felt, for example, that EPDPs helped build staff commitment to meet challenging targets.

The EPDP can build commitment to meeting targets. If it is in the branch plan and then staff identify the target in their EPDP, it is all sewn up. You have a commitment to meeting those targets.

One manager suggested that while the EPDP does establish a link between the individual, the branch and the ministry plan, the key benefit is in the dialogue it opens up about staff progression, leadership opportunities and the individual's fit in the organization. It provides a chance for a one-on-one discussion between every manager and their staff members.

Performance Information Is More Than Performance Measures

A great deal of emphasis is placed on the development and use of performance measures, and indeed these are useful tools in monitoring and reporting on performance. However, there are other forms of performance information that managers can also use. Program evaluation, for instance, can yield valuable information on the outcomes of social programs; and audits can provide information on the efficiency and effectiveness of program processes or control systems. Although performance measures are a central aspect of results-oriented management, the point our case study managers made is that programs need to have relevant, reliable and credible information on which to base decisions and evaluate the program's performance. This information can take other forms. The main thing is to use the right type of tool for the kind of information one requires.

Using Performance Information

Research suggests that effectively managing for results rests largely on the degree to which performance information is used throughout the organization for meaningful decision-making. In practice, using performance information to improve performance and achieve intended results is perhaps the most neglected part of managing for results. A study conducted by the U.S. Governmental Accounting Standards Board suggests that most government organizations do not yet use performance information in their key decisions (e.g., in resource allocation).[7] Closer to home, the Auditor General of Canada notes that federal departments have institutionalized planning but not the regular review of information.[8] Without this regular review, organizations are simply gathering —versus managing—the information. Organizational learning cannot take place if there is no appetite or capability to use performance information; in turn, if no use is made of the information, there is little incentive for staff to plan and manage with a focus on results.

In the following subsections, we explore lessons learned from our case studies in three areas:

- collecting performance information;
- gathering the right performance information; and
- encouraging the use of performance information.

[7] de Lancer Julnes and Holzer, 2001.

[8] Office of the Auditor General of Canada, 2003.

Collecting Performance Information

Building information management capacity is key to facilitating the use of performance information. Although investment in information technology can be beneficial, it can also be a barrier. Systems projects can be expensive and take a long time to fully implement, collected data may be difficult to access, and changes to ministries' structures can make integrating systems difficult. Managers in our case studies offered the following advice:

The integration of information technology is also important. Our ministry has 70 IT systems, none of which can share information. The key would be to develop a means of using information to tell the story of the ministry in a way that can be used for decision-making.

Managing for Results Study, Focus Group, Participant 2003

Start with what you have and build towards integration. One of the main issues at the ministry level is how to share information across business areas. The Ministry of Forests has implemented a ministry-wide computer system that marries financial and non-financial performance information. This system is unique among our case studies. Other ministries have collections of databases and spreadsheets for information, and some managers told us about plans to build corporate platforms to support a more integrated approach to data collection and reporting.

Use data from other sources. Implementing a corporate performance management platform in all ministries may not be possible, but there are other ways to collect performance information. For example, by re-evaluating the systems currently in place, managers may be able to determine if those systems can provide performance data. The Settlement and Adaptation program in the Ministry of Community, Aboriginal and Women's Services, for instance, supported its performance measurement processes by using data from a system that tracked school attendance.

Use program evaluation to obtain performance information. One program manager told us that program evaluation, as a source of performance information, is a good alternative to large databases. He suggested that evaluations are less expensive than building and maintaining a large database, provide a snapshot in time of program and client outcomes, and often yield more accurate information than tracking clients through a case-based data system.

The Eight Uses of Performance Information Identified in Our Case Studies

Managing for results relies on there being a balanced set of measures supplemented with other forms of performance information as needed to support good decision-making and accountability for results. For example, although our case studies reported only one or two measures in their service plan they collected much more information.

Use #1: Evaluate a program

To evaluate a program's success in achieving results is the most talked about use of performance information, and it is an important aspect of measuring performance in the public sector. Managers can use performance information to evaluate a program's performance and make adjustments as required to meet targets.

Use #2: Account for results

All of our case studies used performance measures, reported through their ministry's service plan, to demonstrate their program's performance to the public and legislators.

Use #3: Monitor operational efficiency

Performance measures are very useful for monitoring operational efficiencies. By monitoring turn-around time on files, number of case files open, and other operational measures, staff can identify problems. Program evaluations or audits can also help staff to identify operational and control issues as well.

Use #4: Reward staff

Performance information can be used to motivate and recognize the efforts of staff. The Provincial Nominee Program, for instance, used a client satisfaction survey to reward staff for good performance. Positive feedback from clients is a simple and valuable reward for staff because it allows them to see directly the impact of their efforts.

Use #5: Promote a program

Performance measures and program evaluations can demonstrate a program's success to relevant stakeholders. The Provincial Nominee Program used the information from a program evaluation to market the program to industry groups and other important stakeholders.

Use #6: Motivate and build excitement to achieve a high-level of performance

Performance information can motivate staff and others to meet a higher level of performance. The use of challenging targets to meet, with regular tracking against those targets, kept staff in two of our case studies motivated to achieve a higher level of performance.

Use #7: Coordinate activities to achieve results

As government moves to devolve the delivery of programs to organizations outside of ministries, managing for results can help to coordinate the activities of these organizations. A performance management system can become a valuable way to communicate and direct activities. In one of our case studies, for example, performance information was central to communicating where more or less effort is required. The use of targets and communicating the progress in meeting those targets was essential in coordinating activities across diverse groups to achieve results. This helped stakeholders to plan their activities, allocate resources and direct effort in a way that would meet government's objectives.

Use #8: Allocate resources

Performance information gives managers another tool with which to allocate resources to meet key objectives. Performance information can be used to promote successful programs or activities, identify areas where more funding may be required, and make the process of allocating resources more transparent. However, the use of performance information to allocate resources was not practiced in the majority of our case studies.

Build data collection capacity into the development of new programs. The advice we heard for those ministries developing new programs is to build systems or frameworks for evaluation into the implementation of each program. As one manager stated, "It was pretty straightforward. In implementing the program, we built a system that allows us to collect information on how we are doing. Why wouldn't we do it?"

Gathering the Right Information

Although there are many potential uses for performance information, our case studies also identified challenges and lessons learned for gathering the right information for the right purpose.

Getting the right suite of measures. This was a challenge for almost all of our case studies. The wrong measures can create unintended consequences, result in a program inadequately reporting on its performance, and lead to misinformed management decisions. Our case study managers suggested that it takes time to get the right measures and that managers need to be aware of the negative consequences of measuring the wrong things.

You can really move people in the wrong direction with the wrong measure — or you may communicate the wrong message.

On positive side, the right measures can really communicate a clear direction to staff. We can be clear about the expectations and the ministry can be clear about its business areas and choices.

Managers also need to look at their measures as a whole, and not individually. For example, using a simple output measure —the number of clients receiving a service—did not provide adequate information to base decisions. This measure does not assess quality or reflect the diverse needs of the client group; it only provided a window into one small aspect of a program.

Many managers in our case studies were critical of their suite of measures, but demonstrated that they were looking to continually improve the information they collect. We heard from some managers that program evaluations and audits could yield more information to support decision-makers.

Being held accountable for results when attribution is an issue. In each of our case studies, the issue was raised about the practicality of assigning accountability for results when it is untenable to attribute a program's activities to long-term outcomes. Using performance information as a means of holding programs to account for long-term outcomes is a significant concern for many managers. Nonetheless, the managers in our case studies spoke about the importance of monitoring those long-term program results. They were ready to use a logic model, measures and/or program evaluation to explain the contribution a program makes or the influence it might have on its long-term outcomes. Some managers were able to describe impacts on outcomes over which the ministry or program had no control. This helped ministries explain to decision-makers, the public and legislators why they may not have been on track in meeting targets. It also helped ministries set realistic expectation about what they could achieve given their mandate and resources.

> *The outcomes that governments ultimately seek are long-term in nature. They speak to broad societal impacts, such as healthy communities or a vibrant economy...and by their nature involve many players and factors.*
>
> *Indeed, the societal impacts of government programs may not be known for several years; there may well be different and competing factors that contribute to a final result. We are all tested by such circumstances, the positive results must be due to our actions; the negative ones belong to someone else.*

Valuing activities that are difficult to measure. Many activities that ministries undertake are difficult to measure and several managers raised concerns that those activities would be devalued in a managing-for-results environment. For example, the difficulty in measuring policy units was a challenge identified by most of our case study managers. That said, managers told us they were committed to finding better ways to measure their performance, particularly when the impact of some activities was hard to discern. We would also point out that managing for results should not be restricted to quantitative measurement. There is room for qualitative information along with the use of program evaluation to give a better indication of a program's value.

Creating too many measures. Answering the question "How many measures is ideal?" is very difficult. We heard from many managers that the process of service planning can create anxiety for managers and staff if all their activities are not reflected in the plan. On the other hand, including all activities in a public service plan would create an unwieldy number of measures and a large plan. In one of our case studies, managers were critical about the number of measures they had developed, yet they defended the process they had used to do it. Managers first identified as many operational measures as they felt were necessary, but then tracked the usage of those measures. If they were not being used or monitored, the manager was asked to re-evaluate the appropriateness of the measure.

The BC Reporting Principles suggest that public reports reflect only the few critical aspects of performance. However, as our case study managers showed, developing the few critical measures requires considerable effort. The lesson here is that while only a small number of measures should be reported through the service plan, managers need time to first identify the right measures for their own operations and for their branch and business plans. This may mean that too many measures will be identified initially, but over time managers can gradually pare down their suite of measures to an appropriate number.

Dealing with the limited capacity of third parties to report on performance. One program we studied had struggled with measuring the performance of the services delivered by providers outside the ministry. Part of the problem was the third parties' capacity (or lack of it) to manage for results. Program managers suggested that it takes time to build the capacity of contractors. Many of them are not familiar with this formal approach to managing their programs and they are often small organizations whose energy is focused on helping their clients. The challenges for this particular case study were to help contractors understand and implement the technical aspects of performance measurement and to gain their commitment to measuring and reporting on their results. These issues raised concern over the quality of the information being provided by the contractors and the program's ability to base contract funding on the performance information currently being collected.

Encouraging the Use of Performance Information

Consistent and focused internal monitoring was identified as a critical success factor in encouraging the use of performance information in management decisions. Managers in our case studies offered the following advice to other ministries and programs in developing monitoring processes:

Ensure monitoring of progress on a regular basis by executive. In our case studies, reporting of relevant performance information to the executive ranged from being done monthly to being done quarterly. Quarterly reporting, at the very least, provides an opportunity to address issues and change strategies. Monitoring performance on a semi-annual basis is not very useful because it leaves little opportunity to alter strategies.

You need to develop strong monitoring and adjustment capabilities, so you can answer not how are you doing against the plan? But how are you doing about your results?

Identify an executive sponsor for high-level indicators. Executive sponsorship of performance measures enhances the importance of collecting and reporting on performance. In one of our case studies, each executive member was assigned responsibility for a particular set of measures. If there were concerns that a target was not going to be met, the executive member would ask the responsible manager for an explanation and, if necessary, follow up with the manager to ensure that a strategy for solving the problem was in place. This approach supported greater internal accountability for collecting performance information and meant programs would adjust their course of action to meet targets.

Make reporting simple and focused. One of the key lessons learned from our cases studies was the value of keeping reporting as simple as possible. The easier reporting templates are to use, for instance, the more likely it is that contractors, staff and other delivery agents will provide the necessary information.

Tailoring reports to best suit the user was another recommendation. One ministry, for example, in its reports to the executive, used a colour system of green, amber and red to demonstrate how the organization was doing in meeting its key objectives. Indicators coloured red were in danger of not being met, amber signalled a situation where an objective might not

Monitoring Rates Across Ministries

Percentage of respondents who indicated that their executive monitors the ministry's progress against the performance measures in the ministry's service plan —

- Monthly 20%
- Quarterly 34%
- Semi-annually 25%
- Annually 16%
- Not at all 5%

Managing For Results Survey, 2004

Using Performance Management Processes to Support a Culture Change

A key benefit to using performance management processes is in building commitment and acceptance of change to results-based management. By engaging staff and managers alike in the development of these processes, our case studies demonstrated that performance management:

- offers a chance to directly ask staff to identify strategies to meet results;
- becomes a vehicle to communicate a new direction for the ministry or program;
- reinforces the organization's mission or vision;
- provides an opportunity to gain input from different levels of the organization;
- encourages ownership of performance measures;
- promotes discussions and communications between managers and staff;
- builds trust through transparency and increased accountability;
- creates a common language and operating framework; and,
- helps integrate performance measurement throughout the organization.

be met, and green meant that the objective would be met. The executive quickly understood where potential problems lay and where there was no need to monitor. These reports were simple, focused and used.

Use performance information in management meetings with staff. According to managers in some of our case studies, using performance information in weekly staff meetings provides a way to communicate the current activities of the program, identify areas where there may be challenges and keep staff focused on meeting targets. The regular presentation of performance information also sends a clear message to staff that focusing on results matters.

> *Results-based management is, in part, about good business planning, goal setting, assigning resources against known business objectives, and challenging the reasonableness of resource appropriations. And, most notably, it is about a culture of discussion.*

Reporting Publicly

While internal reporting is about decision-making and management, public reporting is about government's accountability to legislators and the public. A strong internal performance management system should provide comprehensive information on an organization's performance and support high-quality public reports. However, we found that a tension exists between reporting for accountability purposes and reporting results internally to improve operations. These issues can impact the quality of the reports produced and impair an organization's ability to realize the full benefits of managing for results.

"Develop performance measures that you would find reasonable if you were a citizen wishing to understand what a given program is doing with your tax dollars. Try to see yourself as a citizen responsible to your next-door neighbour, to your friends in church, to your colleagues in community and civic action associations, for the effective use of tax dollars. Ask yourself what people want to know about the results of their tax dollars."

Chris Wye, October 2002.

Conservative targets don't help to drive performance. Many of those we spoke to in the course of our research admitted that the external targets, as reported in the service plan and annual service plan report, were conservative. In other words, they were targets the organization could easily achieve.

> *The targets are set so low a small child could crawl over them without breaking a sweat.*

"Stretch targets," or targets that may be challenging to meet, work to pull an organization to better performance, but in a public forum people want to guarantee success rather than risk failure to meet a target. As well, the Balanced Budget and Ministerial Accountability Act, coupled with Deputy Minister's performance agreements that tie salaries to results, provides a further incentive for ministries to be conservative in their promises.

In one case study, however, performance reporting helped to depoliticize the public scrutiny the ministry faced. The Minister was better able to answer the Opposition's questions about why targets were not met. The use of performance information helped to settle out the discussions and helped the ministry better deal with public scrutiny.

Nonetheless, this seems to be the exception as many commented on the challenge of operating in a public sector environment that is quick to punish and slow to reward.

Some performance information is difficult to report publicly. The measures may be misinterpreted or so technical that it is difficult for the public to understand. It is a challenge for some organizations to effectively report the complexities of their performance in the public forum.

The Use of Performance Information in Legislative Committees

A related study of legislator's use of performance information in legislative committees found there is no public review of ministry annual service plans or annual reports. In addition, the use of service plans in the Estimates debates has not significantly changed the budget discussions and Members of the Legislative Assembly reported not effectively using the performance information they receive. As the quality of the information reported improves, it would be encouraging to see legislators make better use of this information. This would provide a powerful incentive for organizations to continually improve the quality of the information they provide to the Legislative Assembly and ultimately to the public.

Office of the Auditor General, June 2003

> *It can be very difficult, because of the nature of government. The reasons why we do something can be very complex and reporting and measuring those things are challenging—but at the end of the day, we still need to explain what we are doing in ten Power Point slides or less.*

There is uncertainty around the purpose and the use of public plans and reports. As an external report, many of our case study managers questioned whether anyone was using the plans and reports the ministry provided. If organizations are developing plans and reports that are not being read, there is little incentive to continually improve their quality. As a result, managers can become disengaged from the process of reporting.

> *We develop all of these plans, a human resource plan, an information technology plan and report these in the service plan ...but who is using them externally? What is the purpose?*

> *I don't think the public really uses the plans, and I don't think reporters use the plans. Who is the primary audience?*

There is a need for greater flexibility in reporting guidelines. The government's guidelines and principles for reporting (service plans and annual service plan reports) should encourage organizations to tell their performance story, but it is difficult to balance consistency with flexibility in developing reporting guidelines. On the one hand, we heard, people want clear guidance on what they should report and how they should report it, while on the other hand, they want flexibility to tell their performance story.

> *The guidelines that are produced are very important, but they are currently very limiting...in the overvaluing of consistency in developing plans and reports. This drive for consistency is a disservice to ministries. I am not sure who benefits from this consistency and uniformity.*

> *The guidelines are useful, but there is not enough flexibility to allow us to tell our ministry's performance story. The templates required us to move important information about our performance to an appendix. We weren't able to give the best picture of our performance.*

Providing more flexibility to ministries may provide an incentive to have ministries continually improve the quality of their public plans and reports. Finding the right balance may take some time and effort.

Implementing the many processes of performance management discussed above is key to building an organization's capacity to manage for results. Just as important, however, is bringing about the shift in staff values, attitudes and behaviour that is necessary if the other activities are to be successful. While process and cultural change do happen together, generally it is the latter that is the more difficult aspect of a managing-for-results approach. It takes sustained commitment and patience by leaders to have employees feel comfortable operating in a results-oriented way. What can leaders do to help public servants shift their focus from inputs and process to the results to be achieved? In the next section, we discuss what we heard from our case studies.

Shaping the Culture by Focusing on People

Although the processes of performance management are valuable tools for change, leaders also need to create the conditions under which employees and managers will be willing and able to engage in a new way of doing business.

In many jurisdictions, including British Columbia, implementing performance management processes is often accompanied by changes to delivery structures, a decentralization of responsibilities, and changing relationships with stakeholders. Fiscal pressures then often compound these demands. The ability to change an organization's culture can be daunting in the midst of the many changes and tensions. For those managers we spoke to, bringing about the necessary cultural change—that is, the change in values, attitudes and behaviours—is perhaps the greatest challenge of managing for results.

Results-based management asks public servants to focus on innovation, letting go of old processes and procedures and looking for new more efficient ways to achieve results. Making this change means that public servants question processes that may hamper efforts to achieve results, but without abandoning important checks and balances that ensure business is conducted in a manner consistent with public sector values and ethics.

> "If we create a climate in which new and better ways of doing things is valued and encouraged, we can generate a culture of improvement where the pursuit of quality can become an overriding mission."
>
> Chris Wye, October 2002.

Managing for results also demands that government employees work in an environment of greater public scrutiny, where strategies and results are subject to public review. In this approach, learning and experimentation are embraced and failure is a tolerable aspect of innovation. It is understood that leaders will take calculated risks, support experimentation and be ready to publicly defend failure in an unforgiving environment.

What is the best way to help public employees adapt to the new way of doing business? Our findings suggest there are many actions leaders can take to create the right environment, reduce anxiety in the workplace and help staff overcome any resistance they may have to change. We discuss these actions under the following headings:

- developing the right people;
- building commitment and trust;
- fostering continuous improvement and innovation; and
- leading by example.

Developing the Right People

People are an organization's greatest asset. It is true that little can or will happen without people who are capable and committed. Managing for results requires that organizations have the right people. The right people are excited about the change, highly motivated, professional, tenacious, focused and skilled in the processes of performance management. Here is the advice we received for developing the right people:

Provide training to support a broad base of knowledge about performance management. Providing staff with information and skills on performance management allows both line staff and managers to be better equipped to operate in a results-oriented environment. Giving staff clear definitions about performance management, for instance, allows them to speak a common language. This promotes a shared understanding of the technical issues and of the purposes of performance information. Staff are better equipped if they understand the general process and value of performance management, such as knowing the differences between an output and an outcome, the value of strategic planning or the importance of public reporting. Furthermore, if staff understand the value of collecting performance information, they are

more likely to be conscientious about accurately collecting and reporting the information.

Champion individuals, not the culture change. Building commitment and buy-in to results-based management is critical. Leaders need to identify individuals or teams to champion the change. These champions are people who have the vision and skills to support efforts to implement the change.

> *Seldom are there institutional enhancements that can make people do the right thing. You need to find people who want to try to do the right thing. They need to have a desire to get something done. I think all too often we champion the 'culture' change rather than championing the 'individuals' who can make change happen. It is easier to champion individuals rather than a big cultural change. We need to manage individuals and create an environment for them to do their work.*

Dedicate technical champions throughout the organization. In two of our case studies, dedicated technical champions were spread throughout the ministry. These individuals had a higher level of training and expertise than other staff. They worked with managers to create plans, develop performance measures and evaluative frameworks, and generally provide technical support in the area of performance management. These individuals helped to integrate performance management throughout the organization and championed results-based management practices. For ministries or programs with regional or satellite offices, this approach can help build capacity across the entire organization.

Invest time in training managers to become leaders. Organizations need to invest time in training managers not only to be technically competent, but also to be able to lead people through change and operate with more flexibility and responsibility. A different set of skills is required to implement and manage with a focus on results. Many managers we interviewed suggested that some people are not at ease operating with increased flexibility and responsibility. It takes time for them to feel comfortable in that role. Leaders throughout the organization require the right set of competencies to support staff through this transition. Although finding the time and resources to invest in training can be a challenge, we heard support for the various leadership-training programs offered through the BC Public Service Agency.

Integration of Performance Management across British Columbia's Ministries

Thirty-eight percent (38%) of respondents reported that the responsibility for measuring the performance of programs is integrated throughout the ministry, 56% reported that the responsibility is partly integrated, and 7% reported that it is not integrated.

Managing for Results Survey, 2004

Recruit the right people while rewarding technical staff. Managing for results requires strong management competencies. The challenge is to select and promote people who have the right competencies while recognizing the contribution of those who give to the organization in other ways. Ministries cannot afford to lose the technical skills and knowledge of their staff, but at the same time these individuals may not be best suited to the management and leadership responsibilities required in a results-oriented environment. Our case study managers suggested that leaders need to be mindful of both hiring managers with the right skills to manage in new ways and of ensuring that others with equally important skill sets are motivated to remain. This can be a significant challenge.

> *Our challenge is to recognize the contribution of those who may stay their entire career in a technical capacity. They are very important. We need that knowledge. We can't have those scientists turning over every 6 months. In the public service recognition is done through promotion, but what about those who are essential but are not 'managers'?*

Work with those staff who are not willing to change. There is a point where staff resistance to change cannot be overcome. Managers we spoke to suggested that leaders need to work with those who are not willing to change and support them in leaving the organization, or work around them to ensure that the change initiatives move ahead.

Use outside expertise at critical points, but don't rely on it. All of our case studies managers used outside expertise to help with preparing their plans, developing performance measures and bringing stakeholders together. For example, the use of a facilitator in developing a logic model helped one program clarify its direction, identify the outcomes it was trying to achieve and provide a framework to develop performance measures. Others had dedicated resources in the corporate services unit available to help programs develop business plans. Our case study participants identified the work of these experts as being a critical success factor.

> *Even if I had the skills to bring all those groups together, I wouldn't have been able to accomplish it. We needed an outsider to build trust and provide everyone with a different perspective.*

Although an internal or external consultant is helpful, there is reason for caution. Managers and staff should be able to operate in the environment without continual assistance. In the end, it is they who are accountable for collecting, monitoring and reporting on performance.

Building Commitment and Trust

The processes of performance management are only effective if managers integrate them into the day-to-day management of operations. Therefore, attention needs to be focused on building the commitment to this management approach and building the trust needed to allow people to let go of old processes and embraces new ways of doing business. This requires strong leadership, and consistent and sustained communications. Managers in our case studies offered the following advice:

Communicate the "big picture." Explain the reason for the change to staff. If staff know why it is happening and can understand its value, they are more likely to accept it.

> *Communicate, communicate, and communicate... Knowing that corporate culture matters to government is a tremendous help in shifting the culture.*

> *I say to staff, 'We can't go back. This is the mandate; this is the future.' This cultural support is helpful. It allows us to communicate that the transition is part of a bigger change.*

> *You cannot communicate enough. I have been surprised a number of times that people still did not understand the change, and the reasons for the change.*

Build trust through meeting commitments and communicating expectations. Trust is difficult to build and easy to destroy. Leaders meet your promises and communicate your expectations.

> *Trust comes from always meeting your objective, always consulting, no surprises, doing it right and delivering on it. Doing it over and over and over, talking about it over and over and over. At first, people didn't understand or trust what was going on; then they came to understand and accept it. I found that they expected it was fully implemented before it actually was! It's a matter of taking time and of being patient.*

Ensure you keep the values of your staff in mind.

More than communication is the substance of the communication. You need to do it in a way that doesn't assault their values.

Communicate how the change will occur and what is expected of staff in making this change.

Communicating the plan for change, the goals for change, and having a means of monitoring those changes can help. Clarify roles and responsibilities so everyone understands what is expected of them. Provide clear and consistent direction about what is going to happen and communicate the substance of this—over and over again.

Focus on commonalities to move the process ahead.

It is important that you continually beat on the 'common interest'—you want to talk about what will move you to where you want to go. We did discuss our differences but in the end we had tried to just park them. Some of these issues have the potential to blow this program apart. We need to continually focus on our commonalities. Each side has had to give on a few issues.

There is a need to be tenacious in your communications and adopt an attitude of continually moving ahead, but don't get frustrated if people are falling behind. Be patient and allow them to come around to accepting the vision for the future.

The first two years was painstaking slow work. In my mind, I had the vision—it was straightforward—but we had to bring everyone along at their pace. At times I was really frustrated, but gaining buy-in was an important aspect of the initiative.

Fostering Continuous Improvement and Innovation

One of the central aspects of a managing-for-results approach is the idea of continuous improvement—a focus on learning and innovation. Our case study participants provided helpful insights to foster an environment that focuses on improvement and innovation.

Take an attitude of continual improvement. Program managers emphasized that implementing managing for results is about taking an attitude of continuous improvement, both in the development of processes and in the enhancement of operations. The real measure of success is how performance improves over time.

The Tree Improvement Program, for example, was challenged to gain buy-in from diverse stakeholder groups; quibbling over getting the "perfect measure" could have stalled progress or stopped it altogether. Instead, the managers focused on steadily moving the process of implementation ahead and, over time, the measures and objectives improved and became more widely accepted.

Remember this program has been in operation for 10 years.... This takes time...and patience.

You have to accept that things won't work perfectly. An ex-Deputy Minister offered this after a particularly contentious meeting: 'Let's declare victory and move on.' It was a real learning point—you may not be where you want to be; just accept it and move on. You can push too far and if you do you may just regress.

Use government sources and knowledge to accomplish something innovative. There are numerous tools and sources of information that ministries can use to their advantage to improve their performance.

Many people in government don't realize the flexibility allowed in the Financial Administration Act; they tend to see it as a compliance issue. It would be better if people started with an attitude of trust —for example, approach the Office of the Auditor General or the Office of the Comptroller General or whoever. They are more afraid of the outcomes if financial management reviewed what they proposed. But that's completely wrong. It's something managers should do at the beginning because, ultimately, that's what happens anyway.

Seeking out individuals who have the right attitude is also important. For example, in working with government and industry lawyers, one manager observed that the government lawyer was focused on compliance over achievement. The industry lawyer, however, had an attitude of "how do we make this happen" and took a creative approach to addressing the legal issues.

Working with someone like the government lawyer can be a real downer when you're trying to get something done. She could have had a different attitude.

"Not only is the political climate often hostile, but innovators in government face the natural barriers that come with dense organizational structure, scarce resources, reluctance to delegate authority, and high levels of internal scrutiny—none of which has been characterized as beneficial to innovation. The more these conditions are described as an immutable fact of life, however, the less likely that talented leaders might see the value in attacking the obstacles."

Paul C. Light, 1998.

Take on the challenge of being creative in the public sector. Our case study participants suggested that being innovative and creative in the public service is not easy. However, being creative and taking calculated risks led to better ways of getting things done.

> *The key distinction—you have to be very creative. I am proud of the structure, although people were appalled at the idea at the time. It was a trust issue that they had to grind through.*

> *Get beyond public sector arrogance that says only we can deliver this service. Think about alternative forms of delivery and be creative.*

Reward the behaviour you want. Leaders can support a creative and innovative approach by supporting and rewarding those who take on the challenge. Creative thinking needs to be encouraged and room made for experimentation and setbacks.

> *Support those with innovative ideas and don't punish failure.*

> *So why did it happen in the end? Because we really wanted to see it succeed. And we had good support from the Ministry's leadership. If our ADM had expressed doubt at any time, I believe it could have been shut down.*

Leading by Example

Everyone we spoke to in the ministries agreed—leadership is critical. It may be trite, but it's still true.

But what are "leaders"? Who are they? And what do they do that makes a difference in their organizations? The literature is replete with definitions and characteristics of leadership, focussing on personality traits, behaviour, approaches, attitudes and skills. But all agree that leadership and authority are not necessarily the same thing. Leadership does not depend on authority, nor is it "the exclusive preserve of those at the top of the hierarchy."[9]

Strong executive support was critical to the success of our case studies, but leaders were at all levels within the organizations. Leaders inspire others to follow. They have a vision of where the organization should be going, understand how to achieve that vision, and build acceptance as they move forward. In our case studies, leaders played a key role in implementing managing for results. They strongly and actively supported the change.

[9] CCAF-FVI Inc., 2001.

The Change Agent

The change agent is a person who has the clout, the conviction, and the charisma to make things happen and keep people engaged. Change agents must juggle a number of skills. They must understand, but not participate in, an organization's politics. They must be able to "deconstruct" an organization or a process and put it back together in original, innovative ways. They must be keen analyzers who can clearly and persuasively defend their analysis to the organization. They must speak many organizational languages—marketing, finance, systems, etc., and they must understand the financial impacts of change whether brought on by a more radical overhaul or incremental continuous improvements. In essence, they must bring order out of chaos.

United States Government, Office of the Under Secretary for Defence (Comptroller), 2004

While many attributes of leadership could be identified from the literature, here we focus on the attributes of leaders we met in British Columbia's public sector and tell you what people said about them.

Visionary—These leaders had a vision of where they wanted to go. They expressed this vision in different ways and through different people. In a change management process, they gained support from key individuals at critical points and recognized the sustained commitment needed to realize their vision.

Focused—Leaders are clear about the objectives they seek and how they intend to achieve them. In our case studies, they communicated their vision consistently and regularly to staff in weekly meetings or in one-on-one encounters. This consistent messaging made clear their commitment to managing for results and to the change in culture that it necessitates.

Tenacious—Leaders aren't just committed to managing for results: they're tenacious about it. At a corporate level, for example, some individuals charged with overseeing the transformation to results-based management established formal processes that required staff to plan, manage and account for their results. But those individuals didn't just rely on systems and processes to get the job done. Where necessary, they also cajoled, prodded or pursued managers in their requests for performance information.

Patient—Leaders recognized that it takes time to bring everyone along. While sometimes frustrating—because they had a vision (where others did not) and knew how to get there—they also realized that others need time to digest and accept the changes that are required of them.

Client Focused—Leaders recognized the importance of engaging community stakeholders in the development of performance management processes. They focused on their external clients, keeping in mind the impacts on those groups.

Tough—While leaders tried to help people adjust to new ways of doing business in the public sector, they also recognized that not everyone in the organization can—or is willing to—make the change. Where necessary, they made the hard decision about such personnel, encouraging them to adapt or supporting them in moving on.

Persevering—When confronted with challenges or obstacles, leaders persisted. They believed in what they were doing and stood firm in pursuing their objective. They would "stay the course" even when progress is slow, people are discouraged and success is not immediately obvious.

Trusting—Leaders understood their role in the change management process and were confident in the responsibilities associated with it. In turn, they trusted that their managers and colleagues would carry out their responsibilities well and with a common vision. Leaders adopted a "let the managers manage" operating philosophy.

Innovative—Leaders were open to the creative and innovative ideas of the people around them. They approached suggestions with a positive attitude, but are also responsible in their decisions. Rather than dismissing new ideas, they asked "how can we make this happen?" so as to optimize the opportunities while minimizing the risks.

Smart—Our case study leaders surrounded themselves with the right people. Rather than champion a culture, they championed individuals who, in turn, will do the same. These leaders hired like-minded people—those who shared their vision and way of doing business.

Foresighted—These leaders looked ahead to anticipate threats and opportunities on the horizon. They recognized that the key to the sustainability of their programs is their ability to demonstrate relevance—the very reason for introducing results-based management.

The Road Ahead

Although there are many challenges for implementing a managing-for-results approach, there are also many advantages. In the end, the processes of performance management are simply good management practices. When implemented under the right conditions—that is, with a focus on both the human and technical aspects—managing for results can help support improvements in performance, enhance transparency and build a culture of continuous improvement.

Small, steady improvements can lead to success. And success itself can build momentum. We hope the lessons learned and identified in this report will contribute to the success of ministries in adopting results-based management.

Government Response

Government Response

Thank you for the opportunity to respond to the Auditor General's report on "Building Momentum for Results-based Management: A Study about Managing for Results in British Columbia." We appreciate the work undertaken to complete the study, and thank the Auditor General for his acknowledgement of the government's progress in implementing a performance management framework.

The Province of British Columbia is committed to managing government operations in a manner that is results-oriented and accountable. As acknowledged in the report, the Province has already taken steps to implement a performance management framework, including the enactment of the Budget Transparency and Accountability Act, the adoption of a set of core values and management principles, and the introduction of reforms to modernize financial management, enterprise-wide risk management, and human resource management. We are proud to be one of the few jurisdictions in Canada to have a legislative framework in place for performance management.

Public servants have been working hard to implement a managing-for-results approach in their Crown agencies, ministries and programs. The four programs that served as case studies in Part 2 of your report offer a glimpse into the efforts being undertaken across government to focus on the outcomes and results that will benefit people. We are pleased to note the study results indicate a strong commitment to managing for results within the ministries, and commend ministry staff for their hard work.

Managing for results is a long-term process that requires constant fine-tuning. While much has been accomplished, we know that there is still room for improvement in this evolving area. For example, we are committed to a more coordinated whole-of-government approach, which incorporates improved cross-ministry cooperation. To this end, we will consider your recommendations for an executive sponsor and a cross-agency change team to champion this management approach across government.

We recognize that bringing about culture change is one of the greatest challenges of managing for results, as noted in the section entitled "Shaping the Culture by Focusing on People." Government has taken steps to encourage shared values, attitudes and behaviours including the establishment of a Leadership Centre, the development of a competency framework to support a performance-focused workplace, and the introduction of a corporate learning strategy. We also acknowledge

the importance of sharing lessons learned and encouraging innovative thinking, and will consider your recommendation to sponsor more communities of practice for results-based management.

Overall, we are pleased with the progress government is making in implementing results-based management.

Ministry of Finance and Crown Agencies Secretariat
March 2005